SECTION I:

Current Michigan Policies on Post-secondary Education for Low-income Parents Receiving Public Assistance
Current Michigan Policies

The survey and this report focus on the policies and practices of two administrative agencies in Michigan:

The Family Independence Agency (FIA), which administers the state’s “welfare” programs for low income families, including Food Stamps, Child Day Care assistance, Medicaid health insurance, and Family Independence Program (FIP) cash assistance for families under the federal Temporary Assistance to Needy Families (TANF) block grant.

The Department of Career Development (DCD), which administers the “welfare reform” workforce development programs in Michigan, including the Work First, Welfare to Work, Non-Cash Recipient, and Non-Custodial Parent programs. DCD administers these programs through local or regional Michigan Works Agencies (MWAs), which, in turn, contract with other agencies or organizations to run the programs.

Policies on counting post-secondary education as “work activity” to meet Work First and Family Independence Program (FIP) work requirements

In general, FIP cash assistance is only available to families in which the parents meet weekly work activity requirements, which range from twenty hours per week for a single parent with a child under age six, to fifty-five hours per week for a two-parent family that receives child day care assistance from the FIA. Only FIP recipients are subject to hourly work requirements. Parents who receive FIP may be exempt or “deferred” from meeting work activity requirements if they or their children are disabled, or if they are experiencing domestic violence or other circumstances that prevent them from complying with work requirements.

Parents on FIP who are not deferred and are not employed the required number of hours are referred by FIA to the Work First program, which is operated by the DCD through Michigan Works Agencies and Work First contractors. The Work First program assists and encourages parents in efforts to obtain employment for the required number of hours. Work First also may provide some supportive services, such as transportation or clothing, to assist parents in obtaining or retaining employment, or in pursuing approved education.
In limited circumstances, some hours that a parent spends in education may be counted toward their required hours of work activity.

The current policies on counting post-secondary education toward meeting work requirements for FIP/Work First have been legislatively mandated by the Appropriations Acts for both DCD and FIA, beginning with fiscal year 2000. As a result of the legislation, FIA and Department of Career Development (DCD) policy allows post-secondary education to count as work activity in two situations:

1. A full time internship, clinical, or practicum will fulfill FIP work requirements if it is required for graduation or for professional certification or licensure.
2. For up to 12 months in a lifetime, a parent in the last year of a two-year or four-year degree program, may count up to 10 hours per week of class time, plus one hour of study time for each hour of countable class time, toward FIP work requirements if the parent is working at least 10 hours per week at paid employment. This is known as the “10-10-10 program.”

The Work First contractor must approve an education program as "occupationally relevant" in order for time spent in post-secondary education to be counted.

Policies on education as “good cause” for not complying with work-related rules

In general, families that receive FIP cash assistance and fail to meet hourly work requirements or Work First requirements (e.g. attending a Work First orientation) will be subject to reduction or termination of their FIP (and, in some cases, other program benefits) as a penalty. However, if post-secondary education is approved by the MWA, the Family Independence Agency will not apply penalties against the family’s FIP cash assistance for the parent’s failure to accept work or to comply with Work First assignments that conflict with the approved education.

Policy on “approved” education

Education may be approved by the Michigan Works Agency (MWA) to count as work activity for FIP and Work First, as discussed above. It also may be approved in connection with qualifying for education-related child day care or payment of other education-related expenses, as discussed below. If the family does not receive FIP cash assistance, their
education program must be approved under the Non-Cash Recipient (NCR) program rather than the Work First program.

For both the NCR and the Work First program, however, the education will be approved only if it meets the criteria for being counted as a work activity for FIP or Work First, as outlined above. Therefore, a parent who is not receiving FIP and thus is not subject to hourly work requirements, or a parent who is recognized as being unable to work and thus is “deferred” from Work First even though she receives FIP, nevertheless must work at least 10 hours per week in order to have class time and study time approved under the 10/10/10 program.

This causes considerable hardship for parents with disabilities or with disabled children, who may need extra education or skills in order to obtain jobs with the flexibility to accommodate their special needs. Parents of disabled children in particular may need to be able to drop everything in order to attend to a child’s education, medical, or emotional needs, and many entry level, unskilled jobs do not provide that type of flexibility.

In addition, education will not be approved for a parent who is not receiving FIP if the parent cuts back on work hours in order to accommodate the demands of the education program. Thus, for example, a parent who is working 30 or 40 hours per week and receiving Medicaid for her children may have time to take only one college class if she cannot reduce her work hours. Under current policy, she will be approved for only 12 months of education, even though it may take considerably longer for her to complete the last year of her 2- or 4-year degree program because she can take only one or two courses per semester.

Policies on child day care assistance while parents are pursuing post-secondary education
The child day care program helps parents meet the cost of child care for time spent working or, in some limited circumstances, attending school. Current policy provides education-related child day care assistance to low income parents in limited situations. Child day care is only available in connection with education that has been approved by the local Michigan Works Agency or its contractors, under the criteria discussed above. In addition, FIA will approve assistance only for hours that the parent is in class — not for study time. At the time the survey was conducted, FIA provided child day care to some low income parents based on its own approval of post-secondary education that supported the parents’
career-specific employment goals. Since August 2001, however, FIA has prohibited caseworkers from approving new education programs.

**Policies on payment for education-related expenses**

Under Department of Career Development policies, Michigan Works Agencies are permitted but not required to pay the costs of participation in “approved” post-secondary education, including tuition, fees, and books, for low income parents. They also may provide other “supportive services” in connection with approved education, such as help with transportation, clothing (such as uniforms or other appropriate clothing needed for internships or clinical programs), and required tools or equipment. No expenses are paid in connection with education that has not been “approved.” Students on assistance still apply for and are granted financial aid from other sources, and this aid includes Work-Study, grants and loans.

**Policies on delivery of information about educational options**

In 1999, the Michigan legislature directed the Family Independence Agency (FIA) and the Department of Career Development (DCD) to “establish clear joint guidelines on the eligibility of participants for post employment training support and on how training/education hours can be applied toward federal work participation requirements.” In 2000 and 2001, the agencies have been directed to “continue to collaborate on refining and making available to participants” (emphasis added) the clear, joint guidelines that were to have been developed during Fiscal Year 2000 (beginning October 1, 1999).

In addition, in 1999 through 2001, the legislature included in the DCD Appropriations Acts a requirement that “Work first program participants must receive or be provided an explanation of the program including their benefits and responsibilities before the job interview phase of the program. This explanation shall include clear guidelines with regard to an individual’s eligibility for post employment training support and for applying hours in training toward federal work requirements.”

Since 1999, the Appropriations Acts for FIA have directed that FIA and DCD “develop a procedure to ensure that the guidelines [for education and training] are effectively communicated to all possible participants of the postemployment training and education program.” Beginning in 2000, the legislature has also required that the agencies efforts include “the provision of outreach activities in community colleges.”
The individual must be offered a personal orientation as an alternative to the group session if attendance at the group session would interfere with school attendance, according to FIA policy.31

How are Michigan’s Policies Experienced by Recipients?

Despite legislative directives and changes in Michigan's welfare policies, there is evidence that recipients actually experience a significantly different set of policies than those "on the books." Data from state agencies indicates that the guidelines outlined above are not necessarily put into practice by local FIA offices and Work First contractors. Some of the gaps between policy and practice are outlined below.

Very few low income parents who receive FIP cash assistance are approved to count post-secondary education as work or to receive supports for education through FIA or the MWA

In spite of the legislatively mandated policies that allow some education to count toward FIP/Work First work requirements, very few parents on FIP have been approved by the Work First contractors to participate in education and training. Less than 2% of the parents who participated in Work First were enrolled in “approved” education, in fiscal year 2000 and in the first seven months of fiscal year 2001.32

This is despite the fact that a large number of parents receiving FIP are attending colleges and universities, even though they are not approved to count their education toward work requirements or to receive supportive services. Although many are not in Work First “approved” educational programs, a telephone survey done by FIA indicates that 5% of the parents receiving FIP are enrolled in a college or university (including community colleges and junior colleges). While this percentage is quite small, it is significantly higher than the percentage of Work First participants who are approved for post-secondary education.
Post-secondary education is approved only rarely for parents who receive non-cash assistance

In the first seven months of fiscal year 2001, Michigan Works agencies approved post-secondary education programs for fewer than 421 parents who are Non-Cash Recipients (receiving Food Stamps, employment related Child Day Care, or Medicaid for their children, but not receiving FIP). This represents about one tenth of 1% of the parents receiving Medicaid for their children in Michigan.

Child Care continues to present an obstacle to parents pursuing post-secondary education

Child care is a critical obstacle in relation to accessing post-secondary education in Michigan and nationally. For welfare-reliant and low-income student mothers, accessing quality and affordable child care remains an often insurmountable hurdle. Very few parents are able to receive FIA child day care subsidies for time spend in education, because very few parents’ education programs are “approved” by Work First, which is a prerequisite to receiving child care help. Furthermore, even those who are able to obtain Work First approval for their education and, thus, to receive child day care subsidies are nevertheless often unable to access safe, appropriate child care. Michigan FIA child care subsidies are low. Even the maximum payments available through FIA often cover only 50% of the full cost of care. Parents also report problems accessing child care subsidies including arbitrary denials, reductions and cut offs, slow start ups and late payments, and inaccurate under-calculation of subsidies. Kids Count in Michigan reported that only a small proportion of low-income families across the state received a child care subsidy in 2000. A mere 19% of income eligible children, 120,000 children out of a total eligible population of approximately 600,000 children, receive a child care subsidy.

Child care costs in Michigan are high and in some counties may range from $600-900 per month, but the average monthly child subsidy is only $289 per month. Kids Count reported that fully two thirds of all children receiving subsidies were in unregulated, informal care settings, and in Wayne County which has one of the highest concentrations of children in poverty, 80% of children were in unregulated care. These settings range from care by relatives to untrained day care aides, some of whom are paid as little as $1.35 an hour by FIA.
The lack of access to affordable quality care threatens low income children’s well-being as well as their cognitive and social development. Family stability is undermined, low-income mothers experience acute stress, and children’s developmental risks increase. A recent Michigan child care audit documented that large numbers of low income young children are being placed in informal unlicensed child care settings — settings which are potentially dangerous. Hence, low income student mothers frequently confront the hazards of developmentally dangerous child care with few other options available.

For single mothers in poverty, struggling to attend college as the one sure pathway out of poverty, lack of access to affordable, high quality licensed care continues to constitute a major barrier to college success. Low income student parents are well aware that the positive outcomes of child care have been extensively documented: high quality child care leads to increased cognitive and social competence and is predictive of academic success. The benefits are greatest for low income children traditionally considered at-risk for school failure. High quality child care environments translate into children who make successful social and academic adjustments, with snowball effects on the entire family, decreasing stress levels and promoting family stability.

**Information concerning educational options is inconsistent, often inaccurate, and difficult to acquire**

In spite of the legislature’s efforts to ensure that the agencies would provide consistent information based on a single set of “joint guidelines” on counting education and training as work activity, the agencies have maintained separate and sometimes conflicting guidelines. For example, FIA policy states that “The participant is limited to one condensed vocational program during his/her lifetime”, although DCD policy allows participation in two Condensed Vocational programs as long as their combined length does not exceed six months (consistent with the Appropriations Acts for both agencies).

At present, Work First participants are informed about their rights and responsibilities by way of a group Orientation meeting that is mandated by the Social Welfare Act. At the group Orientation, a Power Point presentation is used to provide information about the Work First program. The Power Point presentation consists of 32 slides, one of which discusses education and training. The slide itself does not indicate that post-secondary education (college or university) may be approved. It reads,
EDUCATION & TRAINING PROGRAMS
Approved Hours Count
Vocational Programs
High School or GED
Tell Work First of Your Interest\textsuperscript{43}

The presentation script or notes include information about counting hours. The presentation script or notes include the statement that approved education “[m]ay include high school completion or classes to get a GED, if you are working at least 20 hours per week.” This conflicts with both DCD and FIA policy, which provide that single parents with a child under age 6 may work only 10 hours per week and count 10 hours of high school or GED class time toward their 20-hour-per-week work requirement.\textsuperscript{44}

\textbf{Michigan's "Welfare leavers" are not faring well economically}

In fiscal year 2000, over 110,000 low-income parents participated in the Work First employment and training program after being referred by FIA. Slightly more than half (53\%) of those who participated in Work First were successful in finding employment for the required number of hours. However, only about one quarter (27\%) of the participating parents found jobs that they were able to keep for 90 days or more, and only one fifth (20\%) earned enough from work to close their cash assistance cases.\textsuperscript{45}

A survey commissioned by the Michigan Department of Career Development and the Family Independence Agency, at the direction of the state legislature, looked at the circumstances of families that had successfully completed Work First — i.e. participants whose cases closed due to employment. The study looked at two groups of parents: those whose cases had closed 12-24 months prior to the survey, and a second group of participants whose cases closed within 6-12 months of the survey.\textsuperscript{46}

On average, the former participants work 36 hours a week. For those who had completed Work First 6-12 months prior to the survey, the average hourly wage was $8.27. For those who had completed Work First 12-24 months prior to the survey, the average wage was about 50 cents per hour higher, at $8.78 an hour.\textsuperscript{47} If these parents are able to earn a full paycheck 52 weeks a year, their earnings still may not be enough to bring their family out of poverty, depending on the size of their family. These wages are well below the level needed for a family to be self-sufficient in Michigan. According to a 1998 study, a single parent with two children must earn $15.72 per hour in order to meet the family’s basic
needs without relying on public assistance in Michigan. For a two parent family in which only one parent works (thus reducing child care costs), the “self-sufficiency hourly wage” was calculated at $10.39 per hour.\textsuperscript{48}

\begin{tabular}{|c|c|c|c|c|}
\hline
Annualized Earnings of Work First Graduates after 6-12 months & Annualized Earnings of Work First Graduates after 12-24 months & Poverty Level for Family of 3 (e.g. single parent + 2 children) & Poverty Level for Family of 4 (e.g. 2 parents + 2 children, or single parent + 3 children) & Self-sufficiency for Family of 3-4 Parents + 2 Children with 1 Parent working \\
\hline
$15,481 & $16,436 & $14,630 & $17,650 & $32,688 & $21,612 \\
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\end{tabular}

Only 9% of those who had left Work First within 6-12 months and only 16% of those who had left Work First within 12-24 months, were earning more than $10 per hour, according to the FIA/DCD survey.

Not surprisingly, given their low earnings levels, less than half (42-45%) of those who had met Work First goals felt that they were better off in terms of household income than they were when they received cash assistance from the state. About a third (35-36%) reported that they were the same, and 15-18% reported that they were worse off in terms of household income.

Only one third (31-33%) of the state survey’s respondents reported that their housing conditions were better, and more than half (52-55%) reported that their housing was the same. Ten percent were worse off in terms of housing. More than half (51-54%) of the former Work First participants surveyed had been unable to pay their rent, mortgage or utility bills at least once in the previous 12 months. The percentage of those who could not meet these expenses was higher for the group that had been off of Work First the longest. More than one third (33-38%) had been unable to pay their housing and utility bills repeatedly (more than once) in the previous 12 months.
Only about one fourth (27-28%) of the Work First graduates felt they were better off in terms of their ability to meet food and nutrition needs. Half (50-51%) reported that they were the same, while almost one fifth (19%) reported that they were worse off in terms of food and nutrition.

Only about one quarter of the former Work First participants (25-31%) received health insurance that was paid for by their employer. One quarter (25-26%) had no health insurance at all. Not surprisingly, about one quarter (26-28%) felt they were better off in terms of health insurance coverage, while about one fifth (18-19%) felt that they were worse off.

Roughly one quarter (22-24%) were unemployed at the time they were surveyed. Only half (51-52%) reported that they receive no “public assistance, welfare payments, food stamps, vouchers, SSI or emergency help from FIA or other government agencies.” Only 14-15% reported that they received no money from government agencies in the previous month. About one fifth (20-22%) of the respondents stated that Work First had helped them improve their job skills.

While 39% reported that their employer provided training, only 14-22% of the respondents had access to tuition reimbursement through their employment, and only 3-5% were taking classes that were paid for by their employer. More than half (51-61%) had received no training at all after leaving Work First, while 27-36% received on-the-job training.

In summary, data from various FIA and DCD sources indicate that these agencies are not providing the support for post-secondary education that many recipients need. This is despite the fact that state data also show that the majority of recipients who have completed the Work First program and found employment are underemployed and therefore still in need of state aid.